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C O N F I D E N T I A L KINGSTON 001687

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STATE FOR WHA/CAR (BUDDEN), EB/ESC/IEC/EPC (MCMANUS),
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TAGS: [EAID](#) [ECON](#) [EPET](#) [KMCA](#) [PGOV](#) [PREL](#) [MOPS](#) [MARR](#) [UNSC](#)
JM, VE, TD
SUBJECT: JAMAICA/VENEZUELA: DEAL CLARIFIED AND IRRITATION
AT T&T

REF: A. KINGSTON 1592 (NOTAL)
[1](#)B. 05 KINGSTON 2661 (NOTAL)
[1](#)C. KINGSTON 1624 (NOTAL)

Classified By: Ambassador Brenda Johnson, reasons 1.4 (b) and (d)

[1](#)1. (C) Summary: Clear numbers that clarify the extent of Jamaica's deals with Venezuela (outlined ref. A.) have emerged. The Venezuelan government has purchased a 49 percent stake in the GOJ-owned PetroJam refinery for USD 64 million, according to Dr. Jean Dixon, Permanent Secretary at the Ministry of Industry, Technology, Energy and Commerce (MITEC). Dixon was a member of a GOJ delegation that traveled to Caracas August 18-19 with Foreign Minister Anthony Hylton. The purpose of that visit was to build upon agreements that had been developed during the August 14 visit of President Chavez to Montego Bay. There is lingering resentment among GOJ officials that inaction by Trinidad and Tobago in the face of rising oil prices has pushed the region into Chavez' arms, but nevertheless GOJ representatives continue to portray GOJ-GOV relations primarily in terms of economic opportunity. GOJ has not yet made a final determination on its vote for the non-permanent seat on the UNSC, according to a reliable MFAFT official.
End summary.

The Deals Clarified

[1](#)2. (U) Clear numbers emerged that clarify the extent of Jamaica's deals with Venezuela that Post outlined in ref. A. The final total of Venezuelan assistance remains unclear, however, because the estimates of the costs of the upgrade and expansion of the PetroJam refinery have not been finalized.

[1](#)3. (SBU) According to Dr. Jean Dixon, Permanent Secretary at the Ministry of Industry, Technology, Energy and Commerce (MITEC), the refinery was appraised at USD 130 million. The Venezuelan government) through Petroleos de Venezuela Sociedad Anonima (PDVSA) - purchased a 49 percent stake for USD 64 million. Dixon speculated that the media reports of a USD 290 million deal were the result of reporters' confusion

in their haste to make deadlines.

14. (SBU) The upgrade, she said, was likely to cost between USD 250 to 300 million. Of that figure, PDVSA would contribute 49 percent. Dixon also noted that it was likely that delegations would travel regularly between Caracas and Kingston as the plans for the project came closer to fruition.

GOJ trip to Caracas: Building on the Chavez Trip

15. (SBU) Dixon was a member of a GOJ delegation that traveled to Caracas August 18-19. The purpose of that trip was to build upon the agreements that had been developed during the August 14 visit of President Chavez to Montego Bay. In a private meeting, XXX XXX, the Deputy Director for Foreign Trade at the Ministry of Foreign Affairs and Foreign Trade (MFAFT), confirmed this, stating that Foreign Minister Hylton "did not conclude any new agreements" in Caracas; that his travel to Venezuela arose from "his special interest in energy supply security."

Bitterness Towards Trinidad and Tobago?

16. (C) XXXXXXXXXXXX (protect) then went a step further. She stated that there was an undercurrent of resentment from Minister Hylton directed towards Trinidad and Tobago Prime Minister Manning. She noted that, as oil prices reached record highs, many felt that the GOTT did nothing to help the region.

17. (C) She opined that many were upset that it was Chavez who stepped in to offer relief, and that "if (Trinidad and Tobago) had acted, we wouldn't be in this awkward situation," referring to the GOJ's desire to maintain good relations with the USG while accepting largesse from Venezuela. (Note: Econoff had heard private sector contacts express this sentiment, but this is the first time to Post's knowledge that a GOJ representative has acknowledged displeasure with GOTT. End note)

18. (C) XXXXXXXXXXXX predicted that Hylton's displeasure with the GOTT would "become apparent" over the coming months, although she stopped short of explaining how it would be manifested. (Comment: XXXXXXXXXXXX seemed to indicate that this would be troublesome, saying that Hylton's actions "will provoke a response from the Trinis, and I've seen the Trinis angry(" but refused to elaborate. End comment.)

Purely a Business Relationship

19. (C) Nevertheless, XXXXXXXXXXXX was quick to emphasize that the USG should see PetroCaribe and ties to Venezuela as a case of "economic realpolitik," rather than any sign of an ideological shift, or even of fondness for Chavez the man. She echoed the comments of Dr. Dixon (ref. B) in saying that the GOJ had long been dependent on Venezuelan oil, and that the GOV) especially now, with an equity stake in the energy industry in Jamaica) would not do anything that made poor business sense.

UNSC Membership Vote Undecided

110. (SBU) On the subject of the GOJ's vote for the non-permanent seat on the United Nations Security Council, XXXXXXXXXXXX reiterated that the final decision had not been made (ref. C), but when econoff expressed surprise at this, XXXXXXXXXXXX also noted with a wry smile that "no one was unhappy that it's a secret ballot."

Comment

¶11. (C) Closer ties to Venezuela as a result of PetroCaribe, as well as low-interest loans for critical infrastructure projects, are part of the GOJ's stated policies, and will characterize the long-term picture. Despite this, there are ways in which the USG can counter an over-reliance on the GOV. Post continues to encourage the GOJ to aggressively pursue Millennium Challenge Corporation's Threshold Program, with a view to a full compact further down the road. Likewise, USG assistance in seeking alternative energy sources, and encouraging a diversification of the country's portfolio, may help to ease the burden of their crippling oil bill. End comment.
JOHNSON